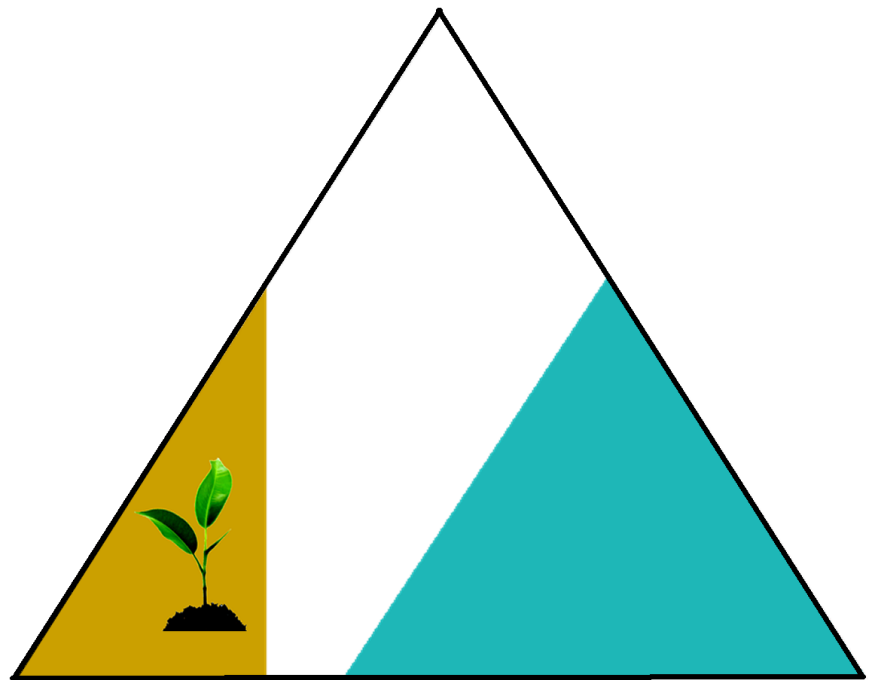


The Importance of Internal Harvesting

An Update of the Ontario County Economic Development Strategic Plan



May 2016

Executive Summary

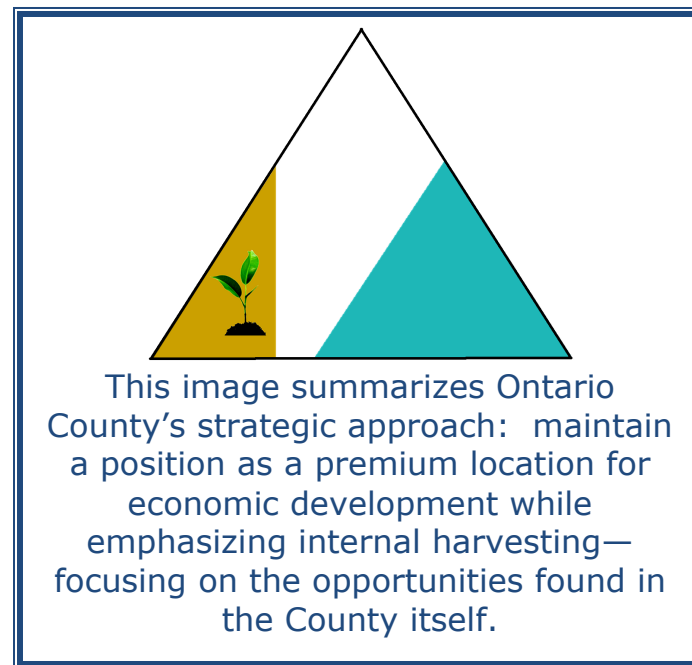
The findings of this study indicate that Ontario is a competitive location for economic development. In terms, of economic diversity, workforce, and other demographics, Ontario County is comparable to other technology centers. The County is home to a strong cadre of industries that sell their goods and services in national and global markets and many of these sectors have exceeded the pace of job growth at the national level. It has a strong set of economic assets to mobilize on behalf of private companies. Thus, this update of the County's economic development strategy seeks to maintain the focus on technology-led development, but to place greater emphasis on internal harvesting—looking for growth opportunities as they emerge from companies within the county.

The combination of slower national growth and improved local competitiveness suggests that the best opportunities for sustaining the County's forward path in growing jobs and investment is to focus primarily on harvesting the opportunities found in the County itself. It is important to remember that this is not an “either/or” strategy.

As the County successfully harvests local opportunities, it will become even better known as a favorable location for technology-based businesses. This in turn will keep Ontario County “on the map” as a prime location for firms looking to relocate to an area that can support innovative businesses. The focus on internal harvesting will involve the tactics listed below.

Support the Establishment of a Food Innovation Hub in and around Geneva: The City of Geneva has undertaken to establish a craft food and beverage innovation district and entrepreneurial lab in the City. As part of this effort, the OED/IDA should continue to support the expansion of the Tech Farm and its incubator/accelerator space for ag. & food related businesses.

Take Full Advantage of the Value STC can bring to Ontario County's economy: The Smart Systems Technology Center (STC) has established itself as an important resource for firms looking to incorporate microelectrical mechanical systems (MEMS) into their products. As more firms look to partner with labs that can manufacture and package the MEMS technology for them, STC is well positioned to be a leader in the field. The OED/IDA can work with STC to provide key support to the Center.



The Importance of Internal Harvesting: An Update of the Ontario County Economic Development Strategic Plan

Continue to participate in GRE's "Economic Gardening" program: The Office for Economic Development/IDA has been partnering with the Greater Rochester Enterprise in its Economic Gardening program. It is a proven model for internally harvesting entrepreneurial activity.

Improve local capacity for economic development & effective & expeditious planning & review process: Municipal planning boards and zoning boards of appeal are critical partners in the County's internal harvesting approach. For it to work, companies must be able to get their proposed projects reviewed as effectively and as expeditiously and possible. The OED/IDA should provide opportunities for these local boards to have enhanced training and technical assistance related to commercial and industrial development projects.

Build a stronger economic development "ecosystem:" Successful internal harvesting is only possible with close working relationships among all the parties involved in economic development. Among the approaches the OED/IDA should take to building a stronger economic development ecosystem could include maintaining and possibly expanding the current business retention & expansion program, creation of more shovel-ready sites, formally convening councils of economic development partners on a sub-county regional basis and adding additional staff to the OED/IDA to free up senior staff to create and/or strengthen relationships with local and regional economic development partners.

Service Delivery Recommendations: As the OED/IDA puts greater emphasis on internal harvesting, changes in its service delivery structure could increase the likelihood of success. The structure proposed in this strategic plan would leave the five existing positions in the Office of Economic Development as they are. A workforce development position would be created in the Office of Economic Development, possibly through a cooperative agreement with the Department of Social Services. It is also envisioned that a position of "Manager of Strategic Assets" would be created in the Office. This position would be responsible for overseeing the administrative tasks the Office has to perform to ensure continuing operation and effectiveness of the railroad, the airport and Axxess Ontario. The workforce development position could be created in the 2017 program year. The position of manager of strategic assets would likely be created in the 2018 or 2019 program year.

Industry Targets
Ag-Tech/Food Technology
MEMS/Sensors
Existing Mature Industries
High-Tech Producer Services
Select "Quality of Life" Niches in
Retail/ Hospitality /
Tourism/Health
Care/Environment
Aviation-Related

The Importance of Internal Harvesting: An Update of the Ontario County Economic Development Strategic Plan

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Introduction

This strategic plan updates the economic development strategy for Ontario County that was first created in 2004 and then updated in 2009-10. The initial plan called for the County to position itself as a premium quality location for economic development with a focus on technology-led development centered on its two technology parks: the Technology Farm in Geneva and the Smart System Technology & Commercialization Center (STC) in Canandaigua. In the following years, much progress was made. An open access ring of broadband fiber optic cable was built throughout the County. The County Airport had its runway extended to serve corporate aviation. STC developed its niche in the field of microelectronic mechanical systems (MEMS) and became part of SUNY Polytechnic. The Technology Farm in Geneva had its first building completed and it is now looking to add an additional building to better serve its growing clientele. Other than Monroe County, Ontario County maintained the highest average annual wages for private employers among the remaining counties of the Rochester Metropolitan Area. Ontario County also saw steady growth in manufacturing employment despite declines at the regional, state and national levels.

A decade later, Ontario County is poised to continue to grow as a center for superior quality economic development, especially in the field of high value-added technology-led development. But the world has changed. Due to a number of factors, the national economy is expected to grow slowly (at best) over the next decade. While much progress has been made at the State level, New York is still viewed by site selectors as an expensive and difficult state in which to bring prospective employers. Consequently, as this economic development strategic plan has been updated, it is increasingly clear that Ontario County must focus on capitalizing on its own assets to promote economic growth.

The findings of this study indicate that Ontario is a competitive location for economic development. In terms, of economic diversity, workforce, and other demographics, Ontario County is comparable to other technology centers. The County is home to a strong cadre of industries that sell their goods and services in national and global markets and many of these sectors have exceeded the pace of job growth at the national level. And, as described above, it has a strong set of economic assets to mobilize on behalf of private companies. Thus, this update of the County's economic development strategy seeks to maintain the focus on technology-led development, but to place greater emphasis on internal harvesting—looking for growth opportunities as they emerge from companies within the county. The icon on the cover of this report is intended to illustrate that approach: harvesting the returns from a decade of positioning the County as a premium location for technology led development.

The Planning Process

Stakeholders Contacted During the Planning Process

Canandaigua Business Management Association (BID)
Finger Lakes Visitors Connection
Genesee Finger Lakes Regional Planning Council (G/FLRPC)
Geneva Industrial Development Agency
Greater Rochester Enterprise (GRE)
New York State Electric and Gas
Rochester Gas and Electric
Small Business Administration (SBA) Small Business Development Center
Victor Local Development Corp. (LDC)
Axxess Ontario
Excell Partners
Cornell Agriculture & Food Technology Park (Tech Farm)
Cornell Cooperative Extension
High Tech Rochester
Smart System Technology and Commercialization Center (STC)
Finger Lakes Regional Economic Development Council

The planning process involved stakeholder interviews, an analysis of the structure of the Ontario County economy, benchmarking with aspirational areas and an examination of Ontario County's economic condition. This process culminated in an assessment of the strengths and weaknesses of Ontario County as an economic location, as well as a delineation of the opportunities and threats the County encounters from its external environment. Each aspect of the planning process is summarized in the pages that follow.

Stakeholder Interviews

Stakeholder interviews are an essential component of the planning process. The stakeholders contacted were mainly organizations that make up the economic development ecosystem of Ontario County. Stakeholders were asked to identify the current state of economic development in Ontario County, the opportunities they see, the obstacles in the way of economic development, and their recommended strategy moving forward.

The stakeholders interviewed all acknowledged Ontario County's ongoing strength in such areas as manufacturing, agriculture and technology-based development. The one theme common through all of the interviews was the idea that, while all the players involved in economic development in the County had good working relationships, they all stood to gain from even more information sharing and cooperation in terms of identifying and cultivating opportunities for business attraction and expansion.

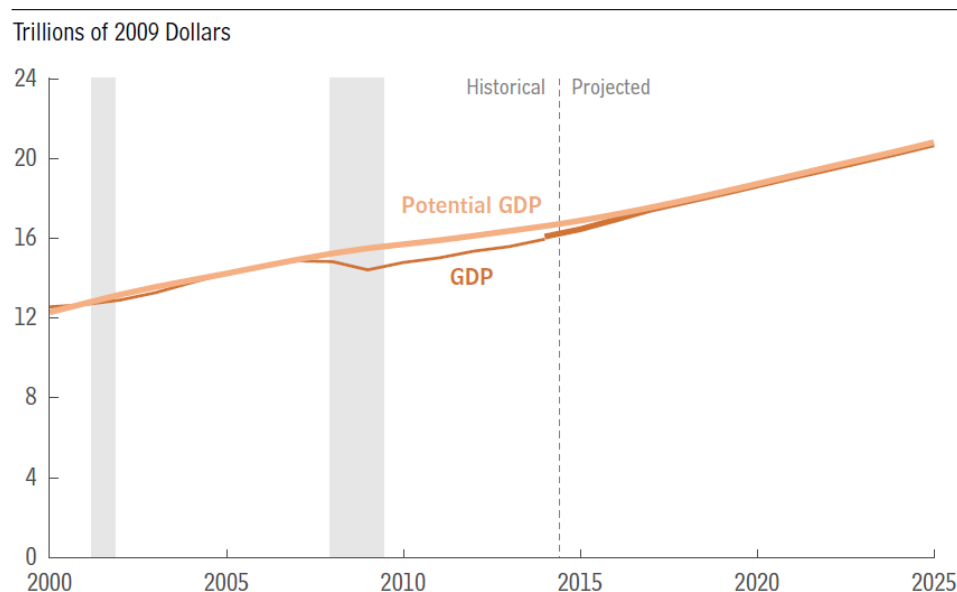
Important National Trends:

Ontario County's economic prospects are intertwined with the condition of the US economy. This section highlights two aspects of the national economy that have changed dramatically since the last County economic development strategy was adopted in 2009: an overall slowing of economic growth and dramatic changes in the retail sector.

Figure 1. Projected Growth Trends for the US Economy

Slow National & Global Growth

As the last economic development strategy was completed, the US economy was ending a period of modest growth and the beginning of the worst economic downturn since the Great Depression. In fact, the economy began to recover in 2009, a recovery marked by slow economic growth and intermittent job growth. A recent report of the Congressional Budget Office suggests that, given instability in the global economy (driven by collapsing commodity prices among other factors) and prospects for an aging, slow-growing national population, over the next ten years, the US economy can expect to grow at a rate only two-thirds as fast as was experienced over the last 25 years: "CBO projects that real potential output over the 2020–2025 period will grow by 2.1 percent per year. . . .substantially lower than the agency's estimate of the rate of growth that occurred during the business cycles from 1981 to 2007—3.1 percent per year. . .¹" Slow growth in the GDP means that it will be more difficult for businesses to expand, less hiring, and fewer new jobs. Though Ontario County has outpaced the state and regional economy in job growth (see "Strength in Manufacturing" below), slow national growth will create some economic headwinds as the County seeks to maintain its current growth path.



¹ Congressional Budget Office. *Update to the Budget and Economic Outlook: 2015 to 2025*.

Retail Disruption

In recent years, Ontario County's sales tax collection has been more variable than the surrounding counties. This is a cause of concern for the county as sales tax is an important source of revenue. There are several factors influencing the variability of sales tax collection in Ontario County including, national retail disruption and the role Ontario plays in the retail landscape.

Nationally, the retail sector is facing disruption caused by changes in technology and consumer behavior summarized in Figure 3. Social media is increasing in importance for marketing and customer service. Shoppers are buying online more often and utilizing mobile apps to locate stores and find deals. According to CISCO, 64% of shoppers in the US use apps on their mobile phones while shopping at least once a week. Close to 50% of responders in a global study said that they use their phone to research products and compare prices between competitors². Consumers are making most of their decisions before they even step foot in a physical store.

According to a Deloitte study on retail disruption "If retailers want to survive the disruption, investing in technology to improve the online customer experience, improving logistics and inventory management, and increasing employee engagement in-store are considered key."³ This means that, increasingly, shoppers will use the "brick and mortar" store as a way of examining the merchandise in question and then are increasingly likely to purchase that item on-line after they've left the store. Indeed, one analysis of the retail industry indicated that, since 2011, the retail industry is creating fewer and smaller stores to capture growth in retail demand.⁴ How these changes will affect retail sales growth (and thereby sales tax collections in Ontario County) remains to be seen. But they portend a time of slower, disruptive growth in retailing nationally.

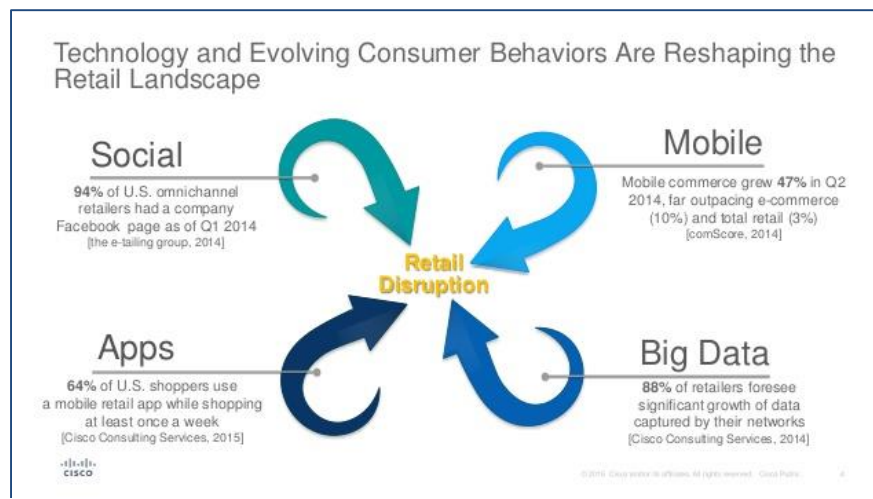


Figure 3. The Changing Nature of Retail.

Source: Joseph M. Bradley, Cisco, <http://www.slideshare.net/JosephMBradley/io-e-retailpresentationv45final010915>

² Price Waterhouse Coopers, *Total Retail 2015: Retailers and the Age of Disruption*, 2015.

³ Deloitte, Regional Council of Canada, "Disruption in Retail, from Product to Pixel," Deloitte, 2015

⁴ RREEF Real Estate, *Bricks and Clicks: Rethinking Retail Real Estate in the E-commerce Era*, 2012.

Economic Assessment of Ontario County:

This section of the report provides an overview of the economic condition of Ontario County, summarizing the extensive economic analyses that were conducted in preparation for this strategic plan. It begins by comparing Ontario County to “benchmark” areas elsewhere in New York and the United States, with a special focus on counties and metropolitan areas known for their technology-based economies.

The analysis then turns to Ontario County itself to examine the various sectors of the County’s economy and identify potential sources of strength and weakness. Particular attention is paid to two sectors: manufacturing and retail. Given its central role in Ontario County’s economy, manufacturing was analyzed to determine if the County maintained its traditional strength in this sector. The retail sector was examined in depth due to the importance of sales tax revenues to the County government and the recent volatility in collections of those taxes in Ontario County compared to other counties in the region and to New York State as a whole.

The assessment of the County economy also included data from the US Cluster Mapping Project. The Project was compiled by the Harvard Business School under the direction of Michael Porter for the US Economic Development Administration. It provides users with ways to identify which sectors in a local economy are best able to penetrate markets outside their own local area. It also provides a long-term look at employment changes in a local economy and enables them to be compared to similar changes in the US economy.

A brief summary of the key findings of the economic assessment of the County is provided in the call-out box on this page. A more detailed explanation of these conclusions follow below.

Key Findings

- In terms, of economic diversity, workforce, and other demographics, Ontario County is competitive with all of the technology centers it was benchmarked against.
- Ontario County maintains its strength in manufacturing, with county job growth in manufacturing a marked contrast to the overall national decline in employment
- The agricultural sector remains robust.
- Recent volatility in sales tax collection cannot be attributed to one factor.
- The economic health of the Rochester region is important to Ontario County.

Benchmarking with Aspirational Areas

As part of assessing Ontario County's competitiveness as a location for technology-based economic development, Ontario County was compared to locations that are known centers of technology nationally, as well as New York State counties with strong technology sectors. This comparison has taken place during the strategic planning processes in 2004 and 2009. The New York State counties included Dutchess County, Rensselaer County, and Saratoga County. As New York State technology centers, these counties are similar in size by population and economic activity, thus are important measuring sticks for Ontario County. The benchmarking also included metropolitan areas with national reputations for technology development. The metropolitan areas included in the benchmarking were Rochester, NY, Albany, NY, Austin, TX, Raleigh-Durham, and Salt Lake City, UT. These areas have been included as "aspirational" benchmarks. They are considerably larger than Ontario County and have international reputations as technology centers. As such, they set high standards to which Ontario County can compare itself.

Ontario County equals or exceeds all of the other benchmark areas in terms of the percent of population with associate's degrees.

Table 1 shows a benchmark comparison of Ontario County's population and workforce demographics to the New York counties and aspirational areas. The table is coded such that cells with the color yellow indicate that for the activity featured in that row, Ontario County is comparable to the other counties and MSAs. Cells shaded green indicate that Ontario County is leading the benchmark areas in that criterion, and cells shaded red indicates that Ontario County is lagging behind that area in that particular variable. Note that the dominant color in this chart is yellow, indicating that Ontario County is comparable or competitive with these other locations. Ontario lags in comparison to

aspirational areas in the percent of the population that works in the county with only 62.7% versus 91.2% in Salt Lake City, and 88% in Saratoga County. Ontario County also has an aging workforce. The median age in Ontario County is 43.4, which is the oldest median age of any of the benchmark communities. However the other New York counties have a median age close to 40. The major technology centers of Austin, Salt Lake City, and Raleigh Durham have median ages in the mid to low 30s.

In general, the data in Table 1 illustrate the strength Ontario County has in its workforce. The percent of Ontario County's population with bachelors or graduate degrees is virtually comparable with all of the benchmark areas (and only Austin and Raleigh Durham have higher percentages of their population with bachelor's degrees). Note also that Ontario County equals or exceeds all of the other benchmark areas in terms of the percent of population with associate's degrees. Given the national shortage of workers with the types of technical

education represented by a two-year degree (the so-called “middle skills” gap), Ontario County’s relative strength in this category could represent a significant advantage.

Table 1-The Benchmarking Process : Ontario County Against Technology Centers

	Ontario County, NY	Rensselaer County, NY	Dutchess County, NY	Saratoga County, NY	Rochester, NY MSA	Albany, NY MSA	Austin, TX MSA	Raleigh- Durham, MSA	Salt Lake City, UT MSA
Population 2013	108,311	159,565	297,385	221,169	1,081,126	873,238	1,782,032	1,162,689	1,107,434
Population 2007	103,956	155,318	292,746	213,245	1,030,495	853,358	1,598,161	1,047,629	1,099,973
% Change in Population (2007-2013)	4.19%	2.73%	1.58%	3.72%	4.91%	2.33%	11.51%	10.98%	0.68%
Family Size	2.89	2.98	3.15	3.02	2.98	3.08	3.28	3.18	3.59
% Work in County	62.70%	45.50%	67.10%	87.97%	82.20%	61.90%	74.20%	74.70%	91.20%
Average Travel Time to Work (Min)	22.6	22.7	31.2	24.5	20.8	22.4	25.5	24.7	22.5
Median Age	43.4	40.1	41.2	41.2	40.3	40.8	33.7	35.8	31.7
% with Associates	13.1%	13.1	9.7	11.9	11.7	11.7	6.4	8.6	8.7
% with Bachelors	18.40%	16.3%	18.0%	21.7%	18.3%	18.8%	26.7%	28.0%	20.1%
% with Grad. or Pro. Degree	13.30%	12.3%	14.9%	15.4%	14.0%	15.2%	13.9%	14.2%	10.4%
% in Workforce	65.62%	66.9%	64.9%	68.2%	63.8%	66.2%	70.9%	70.1%	70.1%
Median Earnings	\$34,198	\$38,420	\$39,223	\$38,560	\$32,416	\$37,487	\$35,374	\$36,934	\$32,075
Manufacturing	\$45,292	\$49,667	\$69,920	\$58,260	\$44,374	\$51,137	\$56,951	\$59,759	\$40,940
Information	\$52,737	\$56,846	\$60,396	\$50,828	\$41,340	\$45,018	\$48,962	\$50,729	\$42,220
Financial, Insurance, Real Estate	\$40,245	\$51,791	\$51,235	\$51,250	\$40,925	\$46,507	\$43,106	\$46,727	\$41,224
Prof. Sci. & Management	\$37,105	\$42,068	\$46,523	\$54,810	\$40,590	\$48,888	\$49,584	\$52,446	\$34,112
Source: American Community Survey 2013 Data Note: This is sample data subject to margin of error.									



Comparable/within margin of error for Ontario County



Ontario County is leading



Ontario County is lagging

Strength in “Traded” Clusters

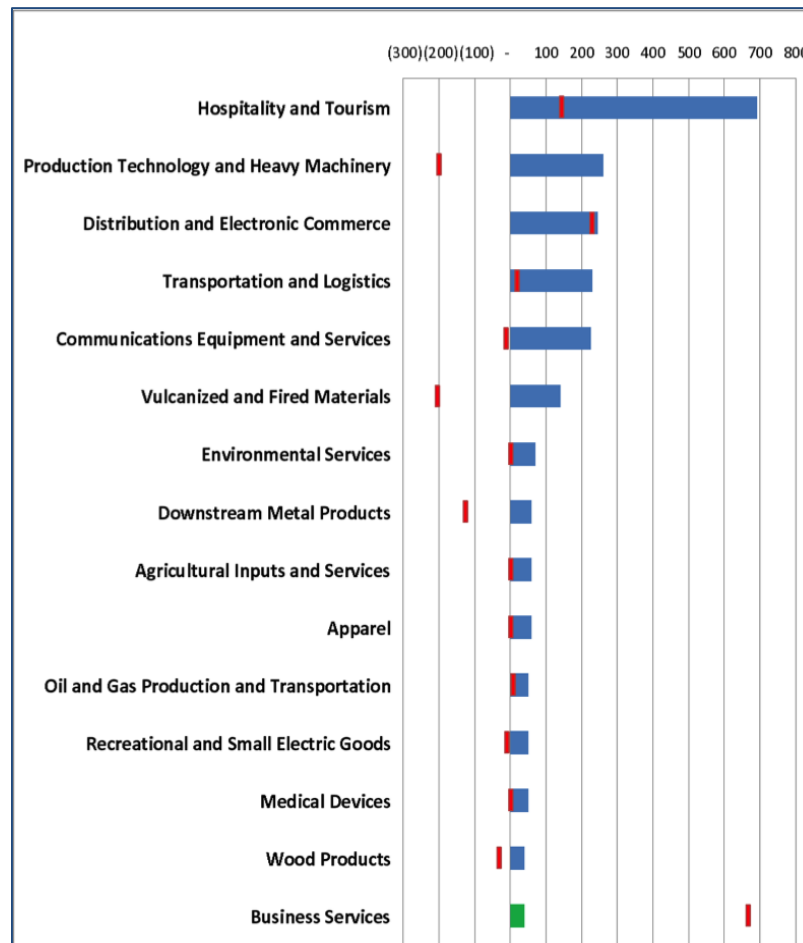
The US Clusters Mapping Project, a web-based application developed by the Harvard Business School for the US Economic Development Administration. According to the US Clusters Mapping Project website:

“The U.S. Cluster Mapping Project is a national economic initiative that provides over 50 million open data records on industry clusters and regional business environments in the United States to promote economic growth and national competitiveness. The project is led by Harvard Business School's Institute for Strategy and Competitiveness in partnership with the U.S. Department of Commerce and U.S. Economic Development Administration. . . .”⁵

The US Clusters Mapping Project provides a set of tools for examining long-term structural conditions in a local economy to better understand the groupings of businesses that are particular catalysts for economic activity in that area. The US Clusters Mapping Project dataset focuses on long-term trends in the economy. The data enables users to track trends from 1998 to 2013. This fifteen-year time frame enables users to examine structural changes in sectors that go beyond expansions and recessions of the business cycle.

In addition, the US Cluster Mapping Project seeks to identify those portions of the local economy that are exporters of goods and services and importers of income and wealth. Referred to by the Project as “traded” clusters, these sectors constitute important economic drivers for a local economy.

Figure 4: Actual vs. Expected Job Growth for Selected “Traded” Clusters, 1998-2013



⁵ <http://www.clustermapping.us>

Figure 4 shows actual versus expected job growth for the strongest traded clusters in Ontario County. The blue bars indicate actual job growth in Ontario County from 1998-2013 while the red marks indicate the job growth that would be expected in that cluster if the County had experienced the same rate of job growth in that cluster has had occurred in the national economy. Clearly, Ontario County has a strong and diverse cadre of traded clusters. As illustrated by Figure 4, all but one of these clusters (except business services) outpaced national expected job growth. The County shows long term strength in sectors ranging from Hospitality & Tourism to Transportation & Logistics to a variety of advanced manufacturing sectors (e.g., Production Technology & Heavy Machinery, Communications Equipment & Services, and Downstream Metal Products). Note also that even the weakest of these traded clusters, business services experienced job growth over the 15-year time frame while the Rochester Metropolitan Area saw a slight decline in that sector.⁶

Strength in Manufacturing

As illustrated in Table 2, manufacturing remains a particular strength for Ontario County. From 2009 to 2014, Ontario County's average annual employment in manufacturing rose 12.2 percent, a stark contrast to New York State, which had a decline of 5.1% and the Rochester Metropolitan Statistical Area, which had a decline of 7.6%. In addition, average annual wages in manufacturing increased by 19.4% compared to 8.8% in New York State and 10.6% in the Rochester MSA. Ontario County outpaced NYS and the Rochester MSA in total private employment and wages. This indicates that Ontario County's overall economy is strong and within it, manufacturing is exceptionally strong.

Table 2: CHANGE IN EMPLOYMENT & WAGES, 2009-2014

	Ontario County					
	Average Annual Employment			Average Annual wages		
Year:	2009	2014(p)	% Change	2009	2014(p)	% Change
Total Private	39,673	43,731	10.2%	\$34,714	\$42,767	23.2%
Manufacturing	5,953	6,682	12.2%	\$46,053	\$54,972	19.4%
	New York State					
	Average Annual Employment			Average Annual wages		
Year:	2009	2014(p)	% Change	2009	2014(p)	% Change
Total Private	6,892,915	7,481,412	8.5%	\$58,881	\$67,207	14.1%
Manufacturing	474,211	450,166	-5.1%	\$57,144	\$62,172	8.8%
	Rochester MSA					
	Average Annual Employment			Average Annual wages		
Year:	2009	2014(p)	% Change	2009	2014(p)	% Change
Total Private	408,159	421,773	3.3%	\$40,993	\$45,321	10.6%
Manufacturing	63,357	58,529	-7.6%	\$57,530	\$61,380	6.7%

Source: NYS Department of Labor, Quarterly Census of Employment of Wages [(p)=preliminary]

⁶ http://www.clustermapping.us/region/msa/rochester_ny/cluster-portfolio#specialization

A Strong Agricultural Sector

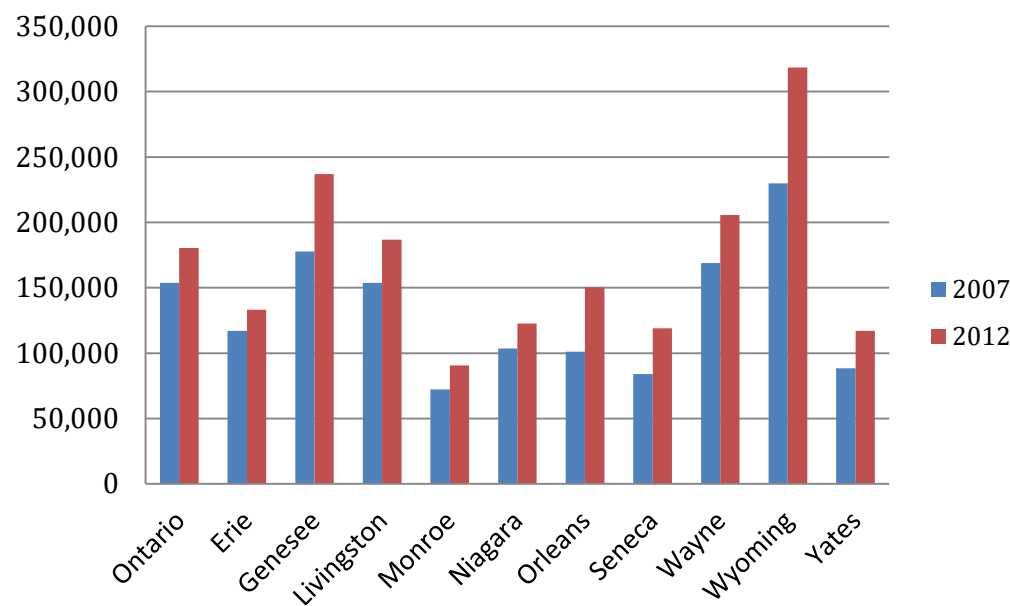
Ontario County remains a strong agricultural county. According to the US Census of Agriculture, from 2007 to 2012, the county increased its total farm-related income from \$153 million to \$180 million, a 17 percent increase, and fifth among the 11 counties in the region.

At the same time, compared to its neighboring counties, Ontario County has the highest total farm-related income at \$11.4 million. Farm-related income is income in addition to the return on agricultural products sold. It includes agri-tourism, rental income from farm property, services provided for others like plowing and harvesting, animal boarding and breeding, crop and livestock insurance payments, as well as local and state agricultural program payments. Most of this income appears to be from rentals and agricultural services.

Thus, while Ontario County may not be the leading agricultural county in the region, it has a strong diverse agricultural base in a region. The data on farm-related income suggest that the farmers in the County have created effective business models to supplement the return they get on the crops themselves.

Figure 5. Market Value of Agricultural Products Sold 2007-2012 (\$000s)

Source: US Agricultural Census



Retail Volatility

Ontario County's role in the regional economy has contributed to the sales tax volatility. Table 3 shows a volatility comparison for sales tax collection in Ontario County and the surrounding counties. The volatility index was calculated by summing the absolute values of the percent change in sales tax each year and dividing that by the same number for the state. This index is meant to demonstrate whether the average annual percent change in taxable sales is more volatile for each county than for the state overall.

A volatility index over 1 indicates that the county is more volatile than the state, that is, its retail sales fluctuate (either up or down) to a greater extent than the state as a whole. An index below 1 indicates that the county is less volatile, or more stable than the state in terms of taxable sales. As shown in figure 1, Ontario County taxable sales are more volatile than the state, with a volatility index of 1.27. The surrounding counties all have a volatility index of less than 1. The table also shows the volatility index by sector for each county. It indicates that no one industry by itself is an overall driver of Ontario County's volatility, although retail, manufacturing and utilities appear to be major contributors to overall volatility.

Another possible partial explanation for the overall volatility of Ontario County's sales tax collection is that Ontario County's retail is based more on discretionary spending than other counties in the region.

A "surplus/leakage" analysis compares retail sales by establishments in a county to residential retail spending by county to identify those counties with a "surplus: of retail sales—that is, there are more sales by establishments in the county than there is spending by residents in the county. The green row in Table 3 shows the percent of surplus sales in each county. (A negative number means there is retail sales "leakage," in which

Table 3: Sales Tax Volatility

Volatility Index*, 2000-2012 (NYS = 100)						
Industry	Ontario	Livingston	Monroe	Orleans	Wayne	Yates
Grand Total	1.27	0.85	0.85	0.64	0.63	0.85
Utilities (excluding residential energy)	1.54	0.80	1.19	1.07	0.91	1.40
Construction	0.79	2.07	1.09	1.88	1.17	1.35
Manufacturing	1.21	1.32	0.89	0.67	0.69	0.76
Wholesale Trade	0.88	0.90	0.95	1.59	1.13	1.40
Retail Trade Total	1.21	0.71	0.76	0.54	0.49	0.49
Information	1.95	1.48	0.87	2.16	1.51	5.26
Professional, Scientific, and Technical Svcs.	1.07	1.16	1.53	2.55	1.20	2.57
Administrative/Support Services	2.91	2.26	1.14	3.61	1.16	2.62
Health Care	2.32	3.69	1.33	5.22	3.09	264.91
Arts, Entertainment, and Recreation	1.41	2.58	1.35	1.98	4.96	1.58
Accommodation and Food Services	0.85	0.71	0.60	1.06	0.72	0.97
"Surplus" Sales as a % of All Sales, 2015	28.6%	-19.7%	0.1%	-72.7%	-40.7%	-62.4%
*Sum of the absolute values of % change, year over year						
Source: Compiled by Fairweather Consulting with data from the NYS Department of Taxation & Finance and ESRI.						

spending by residents in the county is greater than sales by establishments in the county so retail sales are leaking out of the county.) The data indicate that Ontario County has the greatest retail surplus as a percent of its total sales for all counties in the region. Indeed Monroe County is the only other with any surplus. This means that, compared to all other counties in the region, a greater proportion of the sales in Ontario County come from outside the county. These out-of-county sales are much more likely to be discretionary in nature. Thus, the volatility of the County's retail sales may be partly attributed to its success at creating a "destination retail" sector that attracts discretionary shoppers from outside the County. This also means that the health of the County depends, at least in part, on the health of the Rochester metropolitan area as a whole.

SWOT Analysis

In order to identify key issues that need to be addressed by a strategic plan, it is useful to conduct a SWOT analysis. The SWOT analysis identifies Strengths, Weaknesses, Opportunities, and Threats. Table 4 summarizes the SWOT analysis for Ontario County. In a SWOT analysis:

Strengths identify the attributes Ontario County has that contributes to its competitiveness.

Weaknesses identify those aspects of the County that reduces its competitiveness.

Opportunities identify the trends in the greater environment outside the County that it can take advantage of to improve its economic growth.

Threats identify the trends in the greater environment outside the County that could threaten its ability to generate or sustain economic growth.

Table 4. A SWOT Analysis for Ontario County.

<p>Strengths</p> <p><u>Existing Economic Strength:</u></p> <ul style="list-style-type: none">• A Diverse Economic Base featuring Advanced manufacturing agriculture, professional services (including health care), and tourism.• A Relatively Strong Workforce <p><u>A Strong Economic Development System:</u></p> <ul style="list-style-type: none">• Systematic Business Retention and Expansion Efforts• A system of EDOs that provide support to county efforts (including revenue)• A Well-developed Workforce Development System <p>Technology Infrastructure</p> <p><u>Civic Culture:</u></p> <ul style="list-style-type: none">• A Strategy with Local Buy-In• A Culture of Cooperation	<p>Weaknesses</p> <ul style="list-style-type: none">• Electric Grid• Location in NYS and Northeast
<p>Opportunities</p> <ul style="list-style-type: none">• Technology Led Enterprises attracted to or emerging from Technology Farm and STC• Home-grown Entrepreneurs• Agriculture and Food sectors• Technology Led Enterprises attracted by the Open Access Ring• Aviation-related enterprises• Expansion of Existing Enterprises• Foreign Direct Investment/FTZ/Exports• Revival of Technological Innovation in Rochester area	<p>Threats</p> <ul style="list-style-type: none">• A "Lost Decade" of Economic Stagnation• Sustainability of the Technology Farm and the Smart Systems Technology Center• Impact of Regulatory Changes on OED/IDA Structure• NYS Business Climate• Aging of the Population• Potential Decline in Technological Innovation in the Rochester Metropolitan Area

Strengths: As shown in the Table 4, the County's strengths far outweigh its weaknesses in number. Clearly, the County's economy is a major strength, with a diverse set of strong sectors. This diversity not only presents the County with a foundation for future growth in such enterprises as advanced manufacturing, agriculture, professional services and tourism, the diversity itself can buffer the County from suffering unduly from significant losses in any one sector.

The County's well-educated, skilled workforce is a considerable advantage. While employers can still have difficulty in finding the precise mix of skills and experience for particular jobs, Ontario County's demographics and educational institutions make it easier for firms to address these issues than in other rural counties in New York.

The County also has a robust economic development system, with a network of economic development organizations that provide support to the County efforts, including the County, IDA, the Economic Development Corporation and the Local Development Corporation. They each provide various types of economic development tools for use by the Office of Economic Development and also help provide financial support to the efforts of the County Office of Economic Development. The County's Business Retention and Expansion program provides a regular, systematic assessment of the challenges and opportunities facing employers in the County and provides those enterprises with ready access to programs that can address the issues they face. The County's workforce development system is also a major economic development asset.

Across county agencies and municipal boundaries, individuals and organizations involved in various aspects of economic development readily communicate and coordinate activities in support of common purposes. This has proved indispensable for the County's success and will remain a key to the County's economic strength.

Finally, it is worth noting that an important part of Ontario County's economic development strength is its civic culture and quality of life. The economic development strategy is created with significant local buy-in. Virtually every county-level economic development organization will formally adopt the final strategic plan. Through this process, the past economic development strategies have served as a guide and unifying template for the County's overall approach to economic development. This greatly improves the ability of Ontario County to initiate and sustain comprehensive economic development initiatives. In turn, this would not be possible without the culture of cooperation that exists in the County. Across county agencies and municipal boundaries, individuals and organizations involved in various aspects of economic development readily communicate and coordinate activities in support of common purposes. This has proved indispensable for the County's success and will remain a key to the County's economic strength.

In addition, the County has a strong quality of life, with a host of cultural and recreational opportunities, a strong system of public schools and a high level of public safety throughout the County.

Weaknesses: While Ontario County's weaknesses are few in number, they nevertheless represent significant ongoing challenges. While New York State has continued to improve its business climate, it retains its reputation as an unattractive place among site selection consultants. In addition, the regulatory climate for economic development agencies has become increasingly burdensome and uncertain. While the goals of transparency and accountability for public authorities is laudable, the time and resources involved in complying with State regulations consumes increasing time and resources for economic development organizations throughout New York.

Like much of upstate New York, Ontario County's electric grid faces issues with the reliability and quality of power. While the situation is improving⁷, the need for reliable, high-quality power is particularly important for the type of technology-based enterprises that are the focus of this economic development strategy. The continued application of "smart grid" technology on the power system in the region remains important part of the effort to improve power reliability and quality in the County.

The growth of enterprises in a range of sectors spanning agriculture and food products, advanced manufacturing and others will be an important component of the opportunities confronting Ontario County over the next five years.

Opportunities: Over the past ten years, Ontario County has taken significant strides to position itself as a home for technology-based enterprises. The Technology Farm and STC continue to serve as magnets for established firms and start up enterprises in, respectively, food production and applications related to micro-electromechanical systems (MEMS). The broadband technology made available through Axxess Ontario also continues to attract technology-based business to the County. The County Airport improvements continue, making that a

potentially important asset for aviation-related enterprises. The ongoing revival of the Rochester area's reputation as a hub for technology innovation also creates new opportunities for Ontario County. The Foreign Trade Zone provide export opportunities for County businesses and raise the visibility of the County as a target for foreign direct investment.

As will be discussed later in this report, the greatest opportunities facing the County are the result of the cultivation of an emerging innovation ecosystem in the County, founded with the two technology parks, but now extending well beyond them. The growth of

⁷ New York State Department of Public Service, *Electric Reliability Report, 2014*. July, 2015, pp. 14-16.

enterprises in a range of sectors spanning agriculture and food products, advanced manufacturing and others will be an important component of the opportunities confronting Ontario County over the next five years.

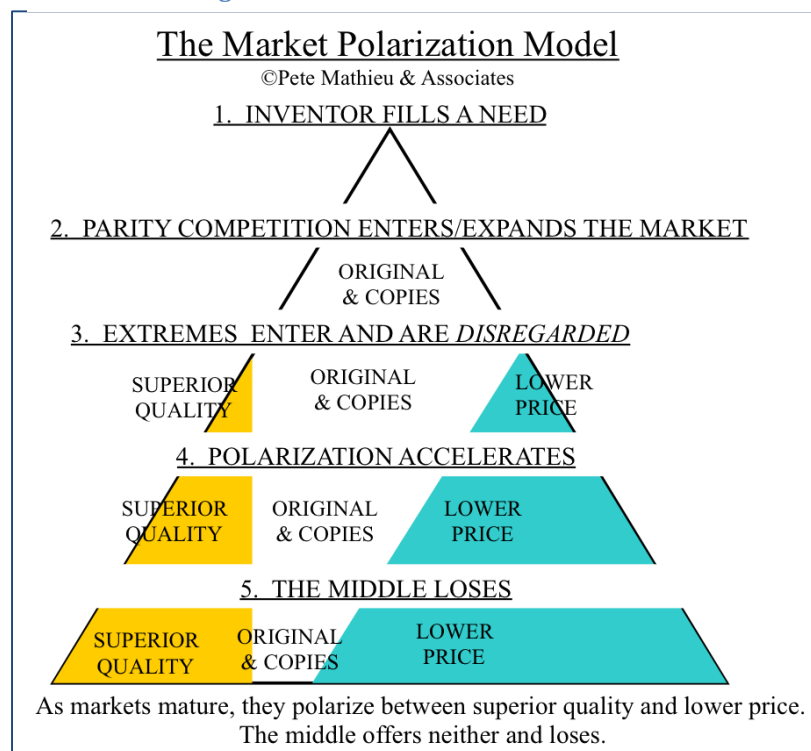
Threats: As indicated in Table 4, the County does face a number of important threats. These include the possibility of long-term economic stagnation or decline in the national economy due to global issues related to China, the long-term fall in commodity prices and increasing instability in the global economy, and problems associated with a slow-growing, aging population. Closer to home, the Technology Farm and STC could raise problems for the County's prospects for long-term growth if either of these institutions is unable to sustain itself financially. Another threat to the County could arise if the renaissance of the Rochester region is stalled. Finally, as noted in the "weaknesses" section, detrimental changes in the New York State business climate and/or the regulatory burdens placed on economic development organization in the State could serve to dampen the prospects for growth in Ontario County.

The Strategic Approach: A Superior Quality Location

For over a decade, Ontario County's economic development strategy has been based upon a model of market polarization model. This model, developed by marketing expert A.H. Pete Mathieu describes how market dynamics change as markets mature. The following description comes from Ontario County's 2004 economic development strategy:

Simply put, products can compete on the basis of providing either high quality or low price. More importantly, Mathieu points out that, as any market matures, it polarizes. That is, the consumers split into two groups: those that prefer premium products and those that prefer low cost products. If your product is not clearly identified as

Figure 4: The Market Polarization Model



either a premium product or a low-cost product, it will lose to the products at those two extremes.⁸

As was pointed out in the 2004 strategic plan, this model applies to businesses when searching for a location as well. For example, at the turn of the 20th and 21st centuries, the market for locations for computer component manufacturers polarized between superior quality

Elements of a Superior Quality Location:

- A Broad Pool of World-Class Talent
- An Inventory of Sites that are both Flexible and “Fully Wired”
- Extensive Connections to both Venture Capital and Local Potential Start-Up Companies

areas that were explicitly configured to serve those businesses (e.g., Silicon Valley and the Research Triangle) and lower cost areas primarily in China and the Far East. At that time, New York State saw significant employment losses in those areas that hosted technology companies but could not offer either a superior quality location or a lower cost location (e.g., the Southern Tier and the Hudson Valley).

In 2004, Ontario County began positioning itself as a superior quality location for high-value-added products. The characteristics of a high-quality location were outlined in the County’s initial technology-based economic development strategy from 2004:

- A Broad Pool of World-Class Talent . . .
- An Inventory of Sites that are both Flexible and “Fully Wired” . . .
- Extensive Connections to both Venture Capital and Local Potential Start-Up Companies . . .⁹

Over the years, the Office of Economic Development/IDA has continually addressed each of these aspects. Some of the key initiatives in each area is summarized below.

⁸ Ontario County Office of Economic Development & IDA, *Technology-led Development in Ontario County: Meeting the Challenges Seizing the Opportunities. An Update of Ontario County’s Economic Development Strategy*, May, 2004, p. 12.

⁹ Ontario County Office of Economic Development & IDA, *Technology-led Development in Ontario County: Meeting the Challenges Seizing the Opportunities. An Update of Ontario County’s Economic Development Strategy*, May, 2004, p. 2.

Talent Development: Continually strengthening the County's workforce has been a central focus of the Office of Economic Development. The Office Director has been actively involved on the regional Workforce Investment Board. The Office has built close working relationships with Finger Lakes Works, Ontario County Workforce Development and Finger Lakes Community College (FLCC). Through these partnerships, customized workforce training programs have been created for key cluster, with the Finger Lakes Advanced Manufacturing Enterprise (FAME) initiative being the most notable example. FLCC has developed degree programs to support County businesses, such as its Associate in Applied Science degree in Instrumentation & Control Technologies (ICT). Beyond training, the Office of Economic Development is involved in ongoing efforts to enhance quality of life in the County to improve the ability of local employers to recruit talent. This has involved participation in the creation of key civic facilities, recreational opportunities and the enhancement of destination retail attractions at the Eastview Mall.

Site Inventory: Over the years, Ontario County has seen the development and enhancement of sites for technology-based companies ranging from the STC campus in Canandaigua to the Technology Farm in Geneva and the Canandaigua Airport. Each of these sites has been the focus of ongoing improvements over the years. A major accomplishment in the site development area was the creation of Axxess Ontario, bringing state-of-the-art broadband infrastructure to locations throughout Ontario County. Work is continuing on extending infrastructure to key sites and moving others closer to shovel-ready status.

Building Connections to Venture Capital and Start ups: The Office of Economic Development has developed close ties to venture capital in the area. Director Michael Manikowski serves on the board of Excell Partners, the major venture capital fund in the Rochester metropolitan area. In addition the Office is continually developing new sources of financing and other types of assistance for start-up and second stage companies. These range from forgivable loan programs to through business assistance programs for high-tech start-ups and second stage companies through High Tech Rochester and the Economic Gardening Program for second-stage companies offered through the Greater Rochester Enterprise. The Office is also supporting the City of Geneva's efforts to create an agriculture and food innovation hub.

As will be discussed below in the "tactics" section of this report, the update of the strategic plan builds upon the County's success in establishing its position as a superior quality location for economic development as reflected in its continuing strength in manufacturing, a steady rise in wage levels and its expanded ability to support entrepreneurs and start up enterprises.

Industry Targets

This strategic planning process has served to confirm the overall industry targets that have been the focus of Ontario County's economic development efforts since its first technology-based economic development strategy was adopted in 2005. They have been slightly modified to reflect economic and technological changes that have occurred in the intervening years.

Industry Targets

Ag-Tech/Food Technology
MEMS/Sensors
Existing Mature Industries
High-Tech Producer Services
Select "Quality of Life" Niches in
Retail/ Hospitality /
Tourism/Health
Care/Environment
Aviation-Related

Advanced Manufacturing: Advanced manufacturing companies use digital technology to design and manufacture products and/or produce goods that have digital technology embedded in them. Over the years, the types of firms included in this definition has expanded as the use of microprocessors and other digital technology grew to include sectors ranging from machining to food product manufacturing. Today, this target industry includes metal fabrication, nonmetallic mineral production and such previous separate target industries as:

- **Ag-Tech/Food Technology:** The 2005 technology-based economic development strategy indicated that the OED/IDA should target its incentives toward those industries identified as potential tenants for and/or spinoffs of the Cornell

Agricultural and Food Technology Park, including manufacturers, services, and laboratories associated with federal agencies and industry trade organizations. As the food technology sector has grown in response to the demand for local/fresh foods and high quality food products, this target now includes food processors looking to locate and/or expand in areas throughout Ontario County

- **MEMS/Sensors:** The STC in Canandaigua has had continuing success attracting firms interested in incorporating MEMS technology in their products who are looking for fabrication or packaging of MEMS/sensor technology. These continue to be an important target industry for Ontario County's economic development efforts.

Existing Mature Industries: As indicated in the assessment of the Ontario County economy, economic diversity is an ongoing strength in Ontario County. To maintain that diversity, it is important that the County retain its existing mature industries as well as develop new ones. Therefore, as with the previous economic development strategies, such industries comprise an important part of this economic

development strategic plan. Note: As indicated above, many of the sectors that were considered “existing mature industries” in the previous strategic plan may now be considered part of the advanced manufacturing target:

[The] County should seek to work with existing industries to promote innovation and productivity improvements on their behalf. Three manufacturing sectors currently account for almost 55 percent of all manufacturing employment in the County. These industries should continue to be the focus of incentives to retain these industries, particularly by seeking ways to promote innovation in the firms themselves. Industries targeted for this effort are listed below:

NAICS 311--Food Beverage and Tobacco (Food Processing Firms)

NAICS 326--Plastics

NAICS 332--Fabricated Metal¹⁰

Many of the sectors that were considered “existing mature industries” in the previous strategic plan may now be considered part of the advanced manufacturing target.

High Tech Producer Services: The high tech producer services targeted by this strategy remain the same as those targeted in the previous strategic plan:

Producer services are companies that provide technical and logistical support for manufacturers. Many producer services were originally part of manufacturing firms, but were outsourced during the 1980’s and 1990s. Ontario County should continue to provide incentives to producer services. However, these incentives should be reserved for producer services associated with technology-led development. There are two reasons for this: First, by targeting these technology-related services, the County will be creating a more favorable climate for the technology-related manufactures and services it seeks to capture from the Technology Farm and the Center for Excellence. Second, the traditional manufacturing base in Ontario County has become strong enough that, by itself, it attracts the producer services it needs. Thus, the incentives for producer services should be reserved for those services associated with technology-led development. Such firms tend to have the following four characteristics:

- Intellectual property as the focus of their output
- Investment in research and development that is above average for their industry
- A high ratio of knowledge workers (i.e., scientists, researchers, programmers, technicians, etc.) among their workforces
- Long term-trends in revenue growth that are above the growth rate for the U.S. economy as a whole¹¹

¹⁰ Ontario County Office of Economic Development, *An Update of the Technology-led Economic Development Strategy for Ontario County, NY*, July, 2010, Technology p. A-6.

Select “Quality of Life” Niches in Retail/ Hospitality / Tourism/Health Care/Environment:

As in the previous economic development strategy, there are several reasons why they have been identified as targets. First, they are industries that play a central role in providing the kind of quality of life that enables an area to attract and retain the talent essential for technology-led development. Second, some of the firms in these industries (particularly retail and hospitality) are important generators of sales tax revenues. Encouraging their growth in the County will increase the diversity of the sales tax base in order to help maintain the robust long-term growth in sales tax revenues. In addition, as with the previous strategy, the OED/IDA should provide assistance and incentives to health care initiatives to designed to expand and upgrade the quality of health care in the County. This has direct benefits to County residents. It also enhances quality of life in ways that will be attractive to technology-led companies and their workers. As pointed out during the economic development summit held for this strategic plan, Ontario County already has one of the lowest costs of health care in the Country and the OED/IDA should build on this strength.

Opportunities related to green technology and waste reduction technologies are expected to grow in response to increasing concerns over climate change and increasing costs for waste stream management for industries throughout the US economy.

This set of targets also includes opportunities related to environmental quality, both through green technology and waste reduction. Opportunities related to green technology and waste reduction technologies are expected to grow in response to increasing concerns over climate change and increasing costs for waste stream management for industries throughout the US economy.

Aviation-Related: As the Canandaigua Airport development continues, the OED/IDA should continue to seek economic opportunities associated with the airport expansion and development as aviation-related enterprises are attracted to the opportunities associated with the expanded runway and available industrial sites at the airport.

¹¹ Ontario County Office of Economic Development, *An Update of the Technology-led Economic Development Strategy for Ontario County, NY*, July, 2010, Technology p. A-4.

Tactics: Enhanced Internal Harvesting

The experience of the last ten years has reinforced the value of the County's technology led economic development strategy. While the strategy of positioning the County as a superior quality location for economic development remains valid, changes in the national and local economy require adjusting the tactics to pursue this strategy. As indicated above, the national and global economies appear to be in the midst of an extended period of modest growth. This will mean fewer opportunities for attracting prospects from outside the County. At the same time, Ontario County has assembled significant economic assets in the County beginning with the technology parks, Axxess Ontario, the Airport, an excellent workforce development system, etc.

Thus the combination of slower national growth and improved local competitiveness suggests that the best opportunities for sustaining the County's forward path in growing jobs and investment is to focus primarily on harvesting the opportunities found in the County itself. It is important to remember that this is not an "either/or" strategy. As the County successfully harvests local opportunities, it will become even better known as a favorable location for technology-based businesses. This in turn will keep Ontario County "on the map" as a prime location for firms looking to relocate to an area that can support innovative businesses.



The focus on internal harvesting will involve the tactics listed below.

Support the Establishment of a Food Innovation Hub in and around Geneva

Given Ontario County's strengths in the agriculture and agricultural services sectors, Geneva is an ideal place for a "food innovation hub." This hub would support growers, distributors, and/or food processors. The Tech Farm in Geneva is already advancing this approach. At the same time, the City of Geneva has undertaken to establish a craft food and beverage innovation district and entrepreneurial lab in the City. As part of this effort, the OED/IDA should continue to support the expansion of the tech farm and its incubator/accelerator space for ag. & food related businesses.



Take Full Advantage of the Value STC can bring to Ontario County's economy

The Smart Systems Technology Center (STC) has established itself as an important resource for firms looking to incorporate microelectrical mechanical systems (MEMS) into their products. As more firms look to partner with labs that can manufacture and package the MEMS technology for them, STC is well positioned to be a leader in the field. The OED/IDA can work with STC to provide key support to the Center. This includes:

Attracting more opportunities to STC: For this tactic, an “internal harvesting” approach involves industry attraction efforts. The STC has positioned itself to provide vital services to technology companies. For example, as described on its website, “STC is one of only 4 companies in the nation accredited through the Defense Microelectronics Activity (DMEA) Trusted Foundry program for CMOS post-processing, and one of only two accredited organizations that can provide integration of Trusted IC with MEMS. The facility is also accredited for trusted aggregation, packaging, and assembly services.”¹² This ability to serve defense-related enterprises is just one example of how STC can assist technology companies. The OED/IDA should work with Empire State Development, the Greater Rochester Enterprise and others in promoting the value of STC to potential customers across the United States.



Strengthening the electric power grid: Reliable high-quality electric power is essential to the work of STC. OED/IDA should continue to work with them to upgrade the electrical infrastructure serving the Center.

Working with SUNY Polytechnic on key initiatives: SUNY Polytechnic Institute (SUNY Poly) formed from the merger of the SUNY College of Nanoscale Science and Engineering and SUNY Institute of Technology. It is responsible for the growth and development of STC. The OED/IDA should continue to cooperate with SUNY Polytechnic on the creation of shovel-ready sites on the STC campus and other initiatives to further strengthen the Center's offering to technology companies.

¹² <http://stcmems.com/?q=trusted>.

Continue to participate in GRE's "Economic Gardening" program

Often referred to as a 'grow from within' approach, Economic Gardening programs target existing companies in a region and help them become larger by assisting them with strategic issues and providing access to sophisticated research tools.¹³

The Office for Economic Development/IDA has been partnering with the Greater Rochester Enterprise in its Economic Gardening program. It is a proven model for internally harvesting entrepreneurial activity. Through the GRE program companies are referred to the program for intensive business assistance. Participating firms must:

- be a privately held company headquartered and operating in Monroe or Ontario County
- have between \$1 million and \$50 million in annual revenue
- maintain between 10 and 99 employees

The program is an important resource for "second stage" start-ups in the County—new firms that have been in business at least 2 years who sell their goods and services outside the Rochester area and are poised for significant long-term growth. It has been an important part of the County's toolbox for assisting local firms to attract investment and add jobs.

Improve local capacity for economic development & effective & expeditious planning & review process

The fact that the pace of economic change is accelerating is now a cliché. But it has real consequences. If Ontario County is to reap the full benefit of an internal harvesting approach, the companies in the County must be able to get their proposed projects reviewed as effectively and as expeditiously and possible. A quick and thorough review gives a company a clear, early signal they can make the investments they need to stay competitive or that they should look for another location to do so.

In that sense, the municipal planning boards and zoning boards of appeal are critical partners in the County's internal harvesting approach. The OED/IDA should provide opportunities for these local boards to have enhanced training and technical assistance related to commercial and industrial development projects. This could involve two initiatives:

Municipal planning boards and zoning boards of appeal are critical partners in the County's internal harvesting approach.

¹³ Edward Lowe Foundation, *Economic Gardening Info Sheet*, (<http://edwardlowe.org/wp-content/uploads/2015/06/EG-4-pager-revised.pdf>).

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- contracting with an appropriate public or private organization to provide such assistance to the municipal boards on such topics as expedited project reviews and the creation of shovel ready sites
- contracting with such an organization to provide technical assistance to applicants coming before municipal boards so that they provide the information required by the boards to complete the project review process as quickly as possible.

Build stronger economic development “ecosystem”

Successful internal harvesting is only possible with close working relationships among all the parties involved in economic development.

Over the years, the OED/IDA has developed and maintained close working relationships with many economic development partners. Continuing and intensifying this effort is important for three reasons.

First, successful internal harvesting is only possible with close working relationships among all the parties involved in economic development. Given

the greater commitment to internal harvesting represented by this strategic plan, strengthening and broadening such relationships will be essential to the strategy’s success.

Second, over the past decade, the number of actual and potential economic development partners has increased significantly, from the Finger Lakes Regional Economic Development Council created by the Cuomo Administration to economic development organizations and local development corporations that have been created to foster economic development at the municipal level.

Third, as was mentioned above, an internal harvesting approach depends upon the ability of local planning and zoning boards to effectively process applications for commercial and industrial development projects.



Some of the Local
Economic Development
Partners in Ontario
County

Among the approaches the OED/IDA should take to building a stronger economic development ecosystem could include:

- Maintaining and possibly expanding the current business retention & expansion program to further strengthen the connections between the County's businesses and the economic development and workforce development services that can assist them.
- Working with municipalities to create more shovel ready sites for businesses throughout the County, building on the type of collaboration evidenced in the recent Manchester Rail Corridor Study.
- Formally convening councils of economic development partners on a sub-county regional basis for regular (e.g., quarterly or semiannual) discussions of current and emerging economic development issues and opportunities.
- Adding additional staff to the OED/IDA to free up senior staff to create and/or strengthen relationships with local and regional economic development partners.

Service Delivery Recommendations

As the OED/IDA puts greater emphasis on internal harvesting, it should consider changes in its service delivery structure that could increase the likelihood of success. The recommendations included in this section are based upon the following assumptions regarding internal harvesting in Ontario County:

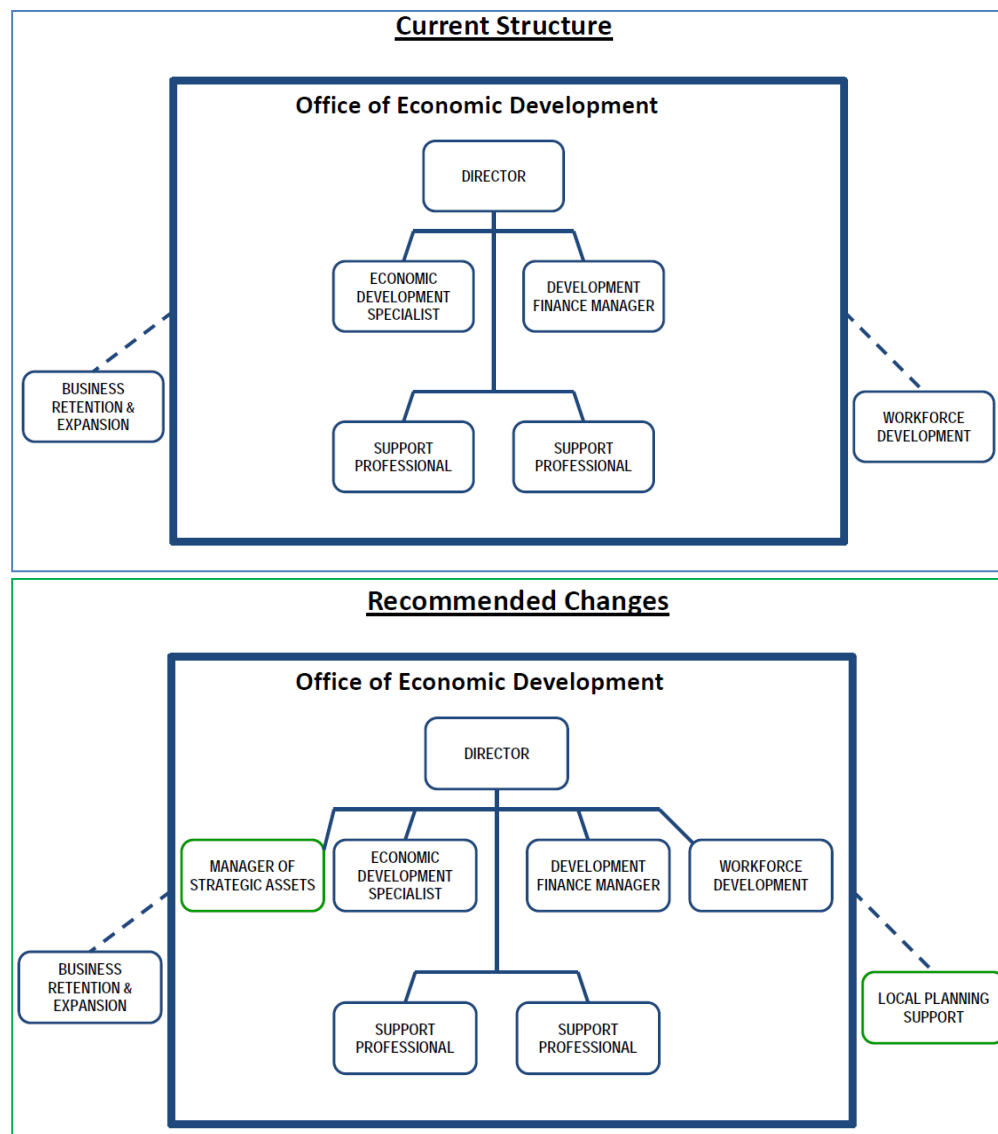
1. There will be an increasing need to interact with local & regional actors to maintain and strengthen the economic development "ecosystem" required for internal harvesting.
2. Workforce and workforce development will become an increasingly important priority for economic development as slower economic growth in the national economy requires firms to maximize the productivity of their labor force and the size of the labor force relative to the economy diminishes due to long-term slow population growth coupled with the aging of the population.
3. The focus on internal harvesting can be made even more productive by maximizing the return on the economic development assets in which the County has a direct role, including the Airport, the Finger Lakes Railroad and Axxess Ontario.

Figure 5. Current & Proposed Staffing Patterns for the OED/IDA.

Figure 5 compares the current staffing pattern of the Office of Economic Development/IDA with a recommended staffing pattern for the County to consider as the OED/IDA focuses on internal harvesting.

Under the current structure, there are five positions within the Office of Economic Development: the Director, an Economic Development Specialist, a Development Finance Manager and two Support Professionals. In addition, there are two functions that are performed for the Office by outside parties. The Business Retention and Expansion program is operated through a contract with Fairweather Consulting. The workforce development function is performed by the Workforce Development Office of the County Department of Social Services.

The proposed structure would leave the five existing positions as they are. A workforce development position would be created in the Office of Economic Development, possibly through a cooperative agreement with the Department of Social Services. It is also envisioned that a position of “Manager of Strategic Assets” would be created in the Office. This position would be responsible for overseeing the administrative tasks the Office has to perform to ensure continuing operation and effectiveness of the railroad, the airport and Axxess Ontario. NOTE: These operations would retain their existing management. The function of the new position would be to manage the administrative and oversight responsibilities the Office of Economic Development has for these assets. The workforce



The dotted lines indicate functions that are performed by organizations outside the Office of Economic Development. Under “Recommended Changes,” positions outlined in green are new positions.

development position could be created in the 2017 program year. The position of manager of strategic assets would likely be created in the 2018 or 2019 program year.

Finally, a new function would be added via contract or some other relationship to an external organization: local planning support. It is envisioned that this function would lead the effort to provide training and technical support to municipal planning and zoning boards—and in some cases possibly project applicants—to expedite the review of proposed development projects. As discussed above, this would address a key aspect of the internal harvesting approach: ensuring that development projects can get a thorough and expeditious review to maximize the ability for existing firms to expand or—as needed—relocate in the County and to enable new firms coming into the County to build the requisite facilities as quickly as possible, consistent with local planning objectives and values.

There are several benefits to the recommended structure:

1. Workforce development would be more closely integrated in the operations of the Office of Economic Development, an important gain in responsiveness as workforce issues become an increasingly important part of economic development in general.
2. The ability of local government to respond to development projects would be substantially enhanced.
3. The Office of Economic Development would be able to devote more attention to the management of key strategic assets while at the same time lifting that burden from existing senior staff and freeing them to cultivate the relationships needed to maintain and strengthen the economic development ecosystem in Ontario County.

Table 5 provides a brief summary of the responsibilities of the positions included in the recommended structure.

Table 5. Summary of Responsibilities of Positions under Recommended Service Delivery Structure (except Support Professional Positions).
<p><u>DIRECTOR:</u> Sets Strategic Direction for the County's economic development efforts based on BOS-approved strategic plan. Establishes the context and structure of economic development partnerships Oversees strategic/transformational projects (e.g., Tech Farm, STC) Directs relationships with County ED entities (IDA, EDC, LDC)</p>
<p><u>ECONOMIC DEVELOPMENT SPECIALIST:</u> Implements the Strategic Direction articulated by the Director Develops and maintains economic development partnerships Applies economic development tools (e.g., financing, incentives, etc.) to specific projects Monitors progress of specific projects</p>
<p><u>DEVELOPMENT FINANCE MANAGER:</u> Oversees finance & compliance issues for the OED, affiliated organizations as well as for particular projects.</p>
<p><u>WORKFORCE DEVELOPMENT:</u> Works with OED staff to address workforce development issues for employers and works with partners to maintain and improve the supply of skilled workers available to County employers.</p>
<p><u>BUSINESS RETENTION & EXPANSION:</u> Maintains regular contact with employers to discern their needs for services and makes appropriate referrals to service providers to address those needs. Provide regular briefings for local elected officials about economic development issues and opportunities in their jurisdictions.</p>
<p><u>MANAGER OF STRATEGIC ASSETS:</u> Oversees OED administrative and operational obligations regarding such assets as the County Airport, Finger Lakes Railroad and Axxess Ontario. Maintains regular contact with the managers/operators of the assets to keep the OED abreast of challenges and opportunities associated with managing those assets.</p>
<p><u>LOCAL PLANNING SUPPORT:</u> Assists local planning and zoning boards in securing training and technical assistance to support them with economic development project reviews and to prepare local governments for growth Work with the boards and/or applications to facilitate project review process.</p>

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